

(Speech given by Dr Sheila Widnall, Secretary of the Air Force, to announce the two successful competitors for the EELV Pre-EMD Module.)

Let me begin by thanking the Source Selection Advisory Council and the Source Selection Evaluation Board for their thorough assessments of these four proposals. Their work has been invaluable to me in my role as source selection authority.

Their counsel has been especially important given the competitive environment of the program and the outstanding work done by all four competitors.

I stand before you today about to take the next significant step towards low-cost reliable access to space -- for the nation, not just for the Department of Defense, and not just for the Air Force. America needs this program for economic and commercial reasons, as well as for defense.

The EELV is not just a DOD system. It's a national launch system, which will be able to compete and win in the world commercial market.

So this program is not just at the heart of our future military capability. It's also of great interest to the Department of Transportation, the Department of Commerce, and NASA.

And I'm very pleased to have Frank Weaver from the Department of Transportation, and General Dailey from NASA here with us today. Welcome to you both.

In 1994, Congress tasked the Department of Defense to chart a course to fix space launch deficiencies and reduce the rising cost of space launch services. In response, the Air Force led a team comprised of the nation's four space sectors -- defense, intelligence, civil and commercial -- in the Space Launch Modernization Study.

That study culminated in the president signing the National Space Transportation Policy.

Dr. Perry's implementation plan identified the Evolved Expendable Launch Vehicle or EELV as the DOD's solution to reducing launch costs and providing assured access to space.

Fifteen months ago, we awarded four contracts for the EELV low-cost concept validation effort. Each of the four offerors have clearly shown that space launch costs can be significantly reduced while improving system reliability and operability.

All have demonstrated that our goal of achieving a 25 to 50 percent savings in launch costs is realistic, as is the equally-important objective of improving our response time with our launch vehicles.

All four have shown that these cost savings and enhancements can be achieved within our planned \$2 billion investment.

When I announced the winners of the last phase, I said that EELV would demonstrate the advantages of aggressive acquisition reform. This program is not only taking us to the next generation of space lift capabilities, it has already proven that the new way of doing business is better and more efficient.

For example, EELV will consolidate multiple launch-related activities into a single program.

Historically, we contracted our launch vehicles separately from our launch support. That generally got the job done, but not efficiently.

By contrast, the EELV program is a true system of systems, including ground processing and payload integration.

Acquisition reform can also be seen in our relationship with our contractors, marked by full trust in their abilities to design and develop the system. We are truly a team which allows us to manage by insight rather than oversight.

This is marked by the size of the EELV system program office for the next phase -- 71 people total. Obviously, that's a significant departure from the 200 or 300 persons SPOs that have been a fixed feature of our acquisitions landscape.

What's the way ahead? Well, simultaneously with my remarks here, two pre-EMD contracts for the Evolved Expendable Launch Vehicle are being awarded at the Space and Missile Systems Center, Los Angeles Air Force Base, California. During the next phase, the two contractors selected will further refine their cost estimates, mature system product designs, verify producibility and manufacturing processes, and verify affordability improvements.

In mid-'98, at the conclusion of the pre-EMD phase, we will select a single contractor to satisfy our launch requirements well into the next century.

I am pleased to announce the two companies who will move into the pre-EMD phase. Both contractors will receive a \$60 million firm fixed-price contract for a period of 17 months.

The selected companies are Lockheed Martin Corporation and McDonnell Douglas Corporation.

So today we have taken a huge step forward in the EELV program, an affordable system to meet our space lift requirements. And it's useful in closing to look at this step in the broader context of where the Air Force is going.

This launch vehicle is critical to growth in our space-based capabilities. The Air Force has built unique strengths through its integration of air and space-based forces. We are rapidly evolving from an air force to an air and space force, and eventually to a space and air force, and this program is a key element of that transition.

And now to move that transition along, I'll turn the podium over to General Tom Moorman.